

**FINANCIAL STATEMENT REQUIREMENTS FOR
GRAIN WAREHOUSE AND GRAIN DEALER LICENSES
ARSD 20:10:11:14 AND 20:10:12:14**

Each applicant for a public grain dealer's or warehouse license shall submit a financial statement for the most recently completed year of operation. The statement shall be prepared by a certified public accountant, independent public accountant, a grain commission or management firm, or other individual skilled in the preparation of financial statements in accordance with generally accepted accounting principals. The financial statement may not be prepared by the applicant or an employee of the applicant, and if the applicant is a partnership or corporation, by an officer, shareholder, partner, or an employee of the partnership or corporation. The commission may require the applicant to submit a second financial statement prepared by a certified public accountant at the compilation, review, or audit level if the commission determines that the first financial statement submitted is incomplete or otherwise unsatisfactory.

The financial statement must include a balance sheet and statement of profit and loss. If the applicant's accountant has prepared a statement of retained earnings, a statement of changes in financial position, and notes and disclosures to the financial statement, those items must also be submitted.

The financial statement must be prepared in accordance with generally accepted accounting principles. Depreciable assets must be shown at original cost minus accumulated depreciation unless the applicant is an individual and generally accepted accounting principals allow the valuation of depreciable assets at the lower of cost or fair market value.

If the valuation of any assets are listed at fair market value, those valuations shall be established by a person experienced in making assessments of the fair market value of fixed assets. Each valuation must be accompanied by a statement signed by the person who establishes the values stating that such person:

- (1) Has no interest in the property;
- (2) Is not an employee of the applicant; and
- (3) Has no personal bias with respect to the parties involved.

**FINANCIAL CRITERIA FOR
GRAIN WAREHOUSE AND GRAIN DEALER LICENSING
ARSD 20:10:11:15 AND 20:10:12:15**

At a minimum, the applicant's balance sheet must show a positive net worth. In determining net worth, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

At a minimum, the balance sheet must show current assets equal to or greater than current liabilities. In determining working capital, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.